



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

June 28, 2000

Statement of Comptroller of the Currency John D. Hawke, Jr.

For the past year, the Office of the Comptroller of the Currency and the San Francisco District Attorney's Office have been investigating complaints lodged by customers of Providian National Bank. We found that Providian engaged in a variety of unfair and deceptive practices that enriched the bank while harming literally hundreds of thousands of its customers.

I am pleased to announce that we have entered into a consent order with the bank that ensures not only that these practices will come to an end, but that customers who were harmed will be compensated by Providian. The order provides that the bank will pay at least \$300 million in restitution to its customers. The amount may well end up being higher once the bank has finished calculating the required restitution under the methodology we have mandated. The San Francisco District Attorney's Office is concurrently settling a parallel action against the bank's holding company.

When a bank engages in unfair or deceptive marketing practices, it damages its most precious asset -- the trust and confidence of its customers. That relationship of trust and confidence is central to the bank's safe and sound operation. We will not tolerate abuses that breach that trust through unfair and deceptive practices.

Consumers should not have to become detectives to find out the true terms and conditions of their credit card agreement. They should not discover after they receive their monthly statement that they have purchased a \$156 credit protection policy that they neither want nor need. And if they are promised a promotional bonus for transferring credit balances, they should receive that bonus -- and not be told after the fact that the program requires a balance transfer of \$10,000.

The overwhelming majority of national banks conduct their business in a way that brings them and the industry great credit. We intend to ensure that those high standards remain the hallmark of the banking industry.

This settlement provides for restitution for customers of Providian nationwide who were harmed by the bank's practices. It also ensures that, going forward, Providian will conduct its business in a way that both respects the interests of its customers and protects the safety and soundness of the bank.

Finally, I would like to extend special thanks to the San Francisco District Attorney Terence Hallinan and his office. The teamwork between our respective staffs has been outstanding, and the result provides compensation to customers that were harmed -- not just customers in California, but customers of the bank located throughout the United States.

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